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IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

Date: November 1, 2006

Subject: Day-Ahead Market (SE-21)

Information Item

IESO Board Decision Date: N/A

A draft stakeholder plan for the high-level design of a day-ahead market for Ontario was published on September 19, 2006. The purpose of this plan is to understand stakeholder's interest and priorities in evolving the electricity market as it relates to day-ahead mechanisms. The plan provides a description of the significant decisions which must be made to create a high level design outlining the basic features of a day-ahead market, for recommendation to our Board. This draft plan indicated that stakeholder consultations would begin in late October, however this has not yet started.

One of the significant issues that is linked to DAM design is locational pricing and we will be reporting to the Stakeholder Advisory Committee and IESO Board on this topic in November 2006. Advice received from the Stakeholder Advisory Committee and Board regarding locational pricing will guide us in determining the next steps to be taken on DAM.